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DIVISION OF PURCHASES

May 20, 2009

The Procurement Negotiating Committee for RFP/Contract #11821

Darin Bodenhamer, KHPA designee

Teresa Graber, Secretary of Administration designee

Thurston Smith, Division of Purchases designee

Dear PNC members:

Recommendation: The Kansas Health Policy Authority (KHPA) recommends that a contract be awarded to Policy Studies, Inc. (PSI) and Electronic Data Systems, an HP Company (EDS) to provide eligibility determination support services for AFDC-related Medicaid programs and be responsible for eligibility determinations and processing for SCHIP and Marketing Services, in accordance with the provisions of Request for Proposal (RFP) #11821.

In accordance with Section 4 all products and services proposed in response to this RFP were evaluated for their impact over the term of the awarded contract and for their positive contribution to KHPA staff effectiveness and productivity. As a result of our review and evaluation of the proposals received in response to RFP #11821 as well as the evaluations of the vendors' products at vendor demonstrations, KHPA has determined the proposal submitted by PSI/EDS best meets the state's needs for support services for AFDC-related Medicaid programs and responsibility for eligibility determinations and processing for SCHIP and Marketing Services.

Our recommendation is based on a comparison of the functionality and reporting capabilities of the software proposed, network security, support personnel, database design, training programs, methodology, timeline, quality and overall solutions proposed by the various vendors.

Background: Of the original four bids received it was determined the proposals submitted by ACS, MAXIMUS and PSI/EDS warranted further consideration and these three firms were invited to make on-site presentations of their software to KHPA staff.

ACS, MAXIMUS and PSI/EDS all have experience in working with Medicaid and SCHIP populations. MAXIMUS is the current HealthWave Clearinghouse vendor who provides support services for AFDC-related Medicaid programs and is responsible for eligibility determinations and processing for SCHIP. MAXIMUS and EDS have existing working relationships with Kansas. The three vendor responses to RFP Section 4.5 Automated Systems met KHPA's requirements and needs. ACS presented the most technologically advanced response with their automated tracking and support system, ConneXion. PSI/EDS proposed the most innovative and flexible customer service approach and excellent marketing and training ideas to promote outreach, quality and efficiency. All three proposals met the requirements of this project.

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Medicaid and HealthWave:

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State Employee Health

Benefits and Plan Purchasing:

Phone: 785-368-6361

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State Self Insurance Fund:

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Revised offers: After the vendor conferences, each vendor was asked to submit revised offers. The revised offers were received the week of April 30, 2009. The evaluation team met to review and discuss the revised offers along with the technical and original cost proposals, plus all follow-up questions and answers. The following table provides a summary of the team's evaluation of the three bidders:

Issue	Strengths		Concerns/Risks	Conclusion
Cost (Contract term)	Vendor	Cost (6 years)	Even though KHPA appreciated ACS's proposed case tracking and support system the cost of their proposal removed them from the competitive range for further consideration.	PSI/EDS are the lowest bidders for the six (6) year contract period.
	ACS	\$73,067,922.00		
	MAXIMUS	\$62,561,547.50		
	PSI	\$56,673,743.56		
Response format as required by the RFP	Each vendor provided a comprehensive response.			Draw
Adequacy and completeness of the proposal	In the initial responses MAXIMUS and PSI provided some detail of how they proposed to meet the RFP requirements administratively and technologically. The evaluation team did submit clarification questions to each vendor to obtain more detailed information about the services and products proposed.			Draw
Compliance with RFP requirements	Both MAXIMUS and PSI complied with a majority of the RFP requirements.		MAXIMUS and PSI both indicated "Exceptions" with their initial response to KHPA's RFP. However, both MAXIMUS and PSI have agreed to comply with all RFP requirements per e-mails received on May 14, 2009. Both MAXIMUS and PSI initially proposed a segmented approach to the eligibility determination process. However, both vendors have proposed a more customer focused approach within their Revised Offers received April 30, 2009.	Draw

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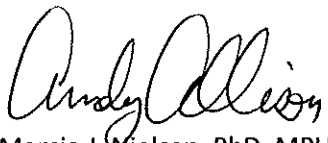
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Issue	Strengths	Concerns/Risks	Conclusion
Experience in providing like services	<p>MAXIMUS has experience with the Kansas Medicaid and SCHIP populations. Since MAXIMUS has the existing operation, implementation should follow with ease.</p> <p>PSI currently provides similar CHIP services in Tennessee and Georgia thus, has experience in processing and determining SCHIP eligibility.</p> <p>Additionally, PSI is partnering with EDS who maintains the existing MMIS operation and, has experience and a working knowledge of Kansas Medicaid and SCHIP beneficiaries.</p>		Draw
Qualified/ Experienced staff	<p>MAXIMUS proposed qualified, experienced staff in their respective areas of expertise with the exception of the Quality Assurance and Training Manager.</p> <p>PSI/EDS proposed qualified, experienced staff in their respective areas of expertise.</p>	The individual proposed by MAXIMUS as the Quality Assurance and Training Manager who does not appear to have any experience or education in either of these areas. This is of concern to KHPA due to the sensitivity and importance of quality and training to ensure a successful project.	PSI/EDS
Methodology to accomplish tasks	MAXIMUS and PSI provided a detailed description of implementation and timelines. MAXIMUS proposes enhancements to MaxE2, a strong stable management and a reinvigorated Quality Assurance Program. PSI proposes an "effective, collaborative and transparent to stakeholders" implementation. Both vendors propose adequate methodologies to accomplish RFP tasks.	PSI - There is a 6 month implementation timeframe which will require both the State and the vendor to dedicate sufficient staff and hours to complete a successful implementation project. MAXIMUS - minimal staff training proposed and project management team lacked detail of qualifications and ability.	PSI/EDS

It is our recommendation based upon the review of all the information and materials submitted that the PNC make a conditional award to PSI/EDS, pursuant to the terms of the RFP, questions and answers and the Non-Specialization Model Revised Offer.

We have included a copy of our proposed contract document for your information and review.

Very truly yours,


 for Marcia J. Nielsen, PhD, MPH
 Executive Director,
 Kansas Health Policy Authority